

**Opening Statement of Chairman Tom Davis**  
**“Service Oriented Streamlining: Rethinking the Way GSA Does Business”**  
**March 16, 2005**  
**10:00 a.m.**  
**Room 2157, Rayburn House Office Building**

Good morning, and welcome to the Government Reform Committee’s oversight hearing on restructuring the General Services Administration’s (GSA) operations – particularly its Federal Supply Service (FSS) and Federal Technology Service (FTS) – in order to meet the demands of the modern government market and to address GSA’s management challenges.

GSA each year buys products and services from the private sector worth well over \$30 billion and resells them to federal agencies using the FTS and the FSS revolving funds. Under FSS, federal agencies, and in some cases State and local governments, can deal directly with private sector vendors who make their products available on the FSS Schedule, which is managed by GSA. Under FTS, GSA plays a more active role by acting as a “third party advisor” for the federal agency in acquiring telecommunication and information technology goods and services. Fees collected from customer agencies are the main source of funds for both programs.

While the bifurcated system may have made sense two decades ago when IT investments were a relatively new phenomenon, technologies such as laptop computers, cell phones, and e-mail are now as ubiquitous with office supplies as are desks and phones. Two separate buying organizations operating out of different funds has become a barrier to coordinated acquisition of services and the technology needed to support the total solutions agency customers demand. As a result, GSA’s leadership, the Office of Management and Budget and I have been looking into legislative and administrative options to consolidate FSS and FTS into a single entity operating out of a unified fund, providing federal agencies with a one-stop shop to acquire all of their goods and services.

Today’s hearing will build on evidence developed in prior hearings held by this Committee on structural and management challenges facing GSA operations in today’s market. Also key are recent revelations of contract management challenges in FTS exposed by GSA Inspector General (IG) reports. Those reports revealed weaknesses in the GSA’s management control over its far flung regional offices.

As the government entity charged with providing best value solutions for customer agencies and taxpayers, I expect GSA to be compliant with applicable law, fiscally responsible and responsive to concerns from both the private and public sectors. I expect GSA to lead the government in the acquisition of solutions that capture the most current technology available in today’s market. Along those lines, I would like to commend GSA’s recent efforts to generate in-house discussion about the most effective way to streamline its operations. I would also like to commend GSA for proactively getting in front of some of the challenges facing the agency that were identified in recent IG reports.

I hope that through this hearing we will be able to get a clearer picture of how GSA is addressing its management challenges in the evolving technology market. I intend to use the information

we gather today along with some ideas of my own to craft a bill that will ensure that the structural reforms that we create are memorialized in GSA's organic legislation. I envision legislation that would amend title 40 of the United States Code to: (1) meld the current General Supply and Information Technology Funds into a single Acquisition Services Fund that will combine the positive attributes of both of the current funds (2) create within GSA a single Federal Acquisition Service (3) provide for appointment and direct control by the Administrator of Regional Administrators and (4) establish government-wide policies aimed at recruiting and retaining experienced acquisition staff in all federal agencies whose mission will be to ensure that federal acquisitions are as cost effective as possible.

In addition to our GSA witnesses, we'll be hearing from Ms. Deidre Lee representing the Department of Defense, GSA's largest agency customer. GSA's IG is also with us today to provide an update on their work in the Regions. We will hear from a union representative. Finally, we'll hear from private sector witnesses who work with GSA's FTS and FSS on a regular basis. We also invited Professor Steven Kelman of Harvard's Kennedy School of Government to appear. He is unable to attend because of teaching obligations, but we have his statement available at the table.